



# ***INSIGHTS***

107<sup>th</sup> Congress

February 20, 2002

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***INSIGHTS*** is prepared expressly for the Department of Energy's Office of Federal Energy Management Programs (FEMP). The purpose of ***INSIGHTS*** is to provide FEMP management staff with timely information on legislative activities relevant to the program. ***INSIGHTS*** is prepared for FEMP by Energetics, Incorporated, (202) 479-2748.

# I. WEEKLY SUMMARY

## HOUSE

*The House is on recess until February 26.*

## SENATE

*The Senate is on recess until February 26.*

## CONFERENCE COMMITTEES/VOTES

*No new actions of interest to report.*

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# II. COMMITTEE ACTIVITY

## HOUSE

***FY 2003 Defense Budget Request*** On February 12, Paul Wolfowitz, Deputy Secretary of the Department of Defense testified before the Committee on the Budget on the Administration's FY 2003 budget request for the Department. The FY 2003 request totals \$369.3 billion in discretionary funds representing a 12 percent increase over FY 2002. In his testimony, Deputy Secretary Wolfowitz said the agency must accomplish three significant missions at once:

- Win the global war on terrorism,
- Restore capabilities by making investments in procurement, people and modernization
- Prepare for the future by transforming for the 21<sup>st</sup> Century., and

In his remarks he addressed the base closure issue and told the committee:

“The two-year delay in base-closure should not be taken as an opportunity to try to ‘Brac-proof’ certain bases and facilities. Earmarks directing infrastructure spending on facilities that the taxpayers of American don’t need and that eventually could be closed would be compounding the waste that the delay in BRAC is already causing.”

In brief, the President’s request includes the following:

- Move forward on the Secretary of Defense’s goal to eliminate DOD’s inventory of 159,000 inadequate housing units for military families by 2007.

- Implement another round of base closures in order to achieve faster replacement and improvement of unsatisfactory DOD facilities.
- Privatize an additional 12,970 military family housing units in 2002 and 35,600 in 2003.
- Provide an estimated at \$4.767 billion (versus an estimated \$6.484 billion in FY 2002) for military construction and \$4.219 billion for family housing (versus \$4.053 billion in FY 2002).

Deputy Secretary Wolfowitz provided similar testimony to the Senate Committee on the Budget on February 13.

## SENATE

***FY 2003 Budget Request*** On February 7, the Committee on the Budget held a series of hearings to discuss the President's FY 2003 budget request. Testimony was received from Paul O'Neill, Secretary of the Department of Treasury and Mitch Daniels, Director of the Office of Management and Budget. Mr. O'Neill told the committee "the economy will do even better than our budget assumptions suggest. [The economy] will grow 2.7 percent during the four quarters of 2002" if the President's economic security package is implemented as designed. In his remarks, Mr. Daniels said, "despite simultaneous war, recession and emergency, we are in a position to fund the requirements for victory, plus a stimulus package, and still be near balance. The deficit we project will still be the nation's smallest in times of recession since the early 1950's." In response to the President's budget proposal, committee Chairman Kent Conrad (D/ND) released a report entitled "Review and Analysis of the President's FY 2003 Budget." The report states "while the President's 2003 budget correctly provides additional resources for defense and homeland security, it calls for significant cutbacks in crucial areas, such as highway construction and repair, job training, and environmental programs."

***Comprehensive Energy Legislation*** Last week, the Committee on Finance, which is chaired by Max Baucus (D/MT), completed work on the tax incentive portion of Senate Democrats' comprehensive energy bill, *S. 1766*. The financial portion includes \$14.5 billion in incentives; the House bill, *H.R. 4* provides \$34 billion in tax incentives. Key provisions of interest in the Senate bill includes the following:

- Ten-year tax credits for renewable energy, alternative vehicles, and energy efficiency programs.
- Tax incentives for fuel-cell, hybrid gas-electric systems, and other alternative energy powered vehicles.
- Subsidies for biodiesel fuels developed from soybeans.
- Tax incentives for residential energy efficiency improvements including air conditioners, water heaters, and heat pumps.

The bill is scheduled to be attached as free-standing amendment to *S. 1766* for consideration by the full Senate.

***Renewable Energy*** On February 13, the Senate passed *H.R. 2646 - Farm Security Act of 2001*, after incorporating as an amendment, *S. 1731 - Agriculture, Conservation, and Rural Enhancement Act of 2002*. Introduced on November 27 by Tom Harkin (D/IA), *S. 1731* creates new incentives for the agricultural sector and rural areas to produce renewable energy and increase energy efficiency. The bill includes the following provisions:

- Incorporates a biobased product-purchasing requirement for Federal agencies if the biobased product is comparable in price, performance, and availability to non-biobased products.
- Directs the Department of Agriculture to develop a list of biobased products, similar to the DOE/EPA ENERGYSTAR® Program that identifies environmentally preferable biobased products.

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## III. NEW LEGISLATION

### HOUSE

Number	Short title	Date	Sponsor	Status
<b>H.R. 3631</b>	<b><i>Wider Incentives for Non-Gasoline Small Electric Vehicles Act of 2002</i></b>	January 24	William Pascrell (D/NJ)	Referred to the Committee on Ways and Means
	<b>Key Provisions:</b>	Amends the <i>Internal Revenue Code of 1986</i> to modify and expand the electric motor vehicle credit to include certain three-wheeled vehicles. Extends to year 2007, the motor vehicle credit on property placed in service after December 31, 2001.		
<b>H.R. 3708</b>	<b><i>Bioenergy Investment and Opportunity Act of 2002</i></b>	February 7	John Thune (R/SD)	Referred to the Committee on Agriculture
	<b>Key Provisions:</b>	Authorizes the continuation of the Department of Agriculture program that promotes the use of certain agricultural commodities to produce bioenergy and to expand the program to include animal fats, animal by-products, and oils as eligible agricultural commodities under the program.		

### SENATE

Number	Short title	Date	Sponsor	Status
<b>S. 1923</b>	<b><i>Fuel Economy and Security Act of 2002</i></b>	February 7	Trent Lott (R/MS)	Referred to the Committee on Commerce, Science, and Transportation

Number	Short title	Date	Sponsor	Status
	<b>Key Provisions :</b> Provides for increased corporate average fuel economy standards by implementing measures to improve fuel economy for vehicles, providing for market-based initiatives for greenhouse gas reduction, and increasing vehicle safety. Requires that passenger automobiles and light trucks manufactured after 2007 achieve a combined average fuel economy standard of 36 miles per gallon by model year 2016. Permits hybrid vehicles the right to use high occupancy vehicle lanes, regardless of the number of passengers. Establishes a registry for voluntary greenhouse gas trading. Permits manufacturers to apply credits purchased through the registry toward any model year after 2006. Registry shall measure, verify, and record greenhouse gas emissions and emission reductions specifically from improvements in power plants, automobiles, carbon re-capture, storage and sequestration, and other sources. Establishes an implementing panel which shall include the Secretaries of Commerce and Transportation and an expert in the field of greenhouse gas emission reduction, certification, or trading from each of the following agencies: EPA; Departments of Energy, Agriculture, Commerce, and Transportation; and National Aeronautics and Space Administration. Requires an annual report within one year after the date of enactment of this Act and biennially thereafter that will assess the level of participation in the program and the amount of progress being made on emission reduction targets.			
<i>S. 1926</i>	<i><b>National Fuel Savings and Security Act of 2002</b></i>	February 8	John Kerry (D/MA)	Referred to the Committee on Commerce, Science, and Transportation

Number	Short title	Date	Sponsor	Status
	<b>Key Provisions :</b> Improves passenger automobile fuel economy and safety, reduces greenhouse emissions, reduces dependence on foreign oil, and other purposes. Requires that passenger automobiles and light trucks manufactured after 2005 achieve a combined average fuel economy standard of 35 miles per gallon by model year 2013. Requires EPA to conduct an ongoing examination to determine the percentage difference in the actual on-road fuel economy of passenger cars and light trucks and the fuel economy measured by test procedures of the EPA. Requires the EPA to examine the extent to which fuel economy changes during the life of passenger automobiles and light trucks. Permits hybrid vehicles the right to use high occupancy vehicle lanes, regardless of the number of passengers. Establishes a credit-trading program wherein manufacturers with credits may sell those credits to other manufacturers. Requires the EPA to complete a study of social marketing strategies with the goal of maximizing consumer understanding of point-of-sale labels (which reflect a vehicle's performance using the criteria of fuel economy and greenhouse gas emissions). Establishes the "Fuelstar" program in which green stars are placed by the manufacturer on vehicles that meet the average fuel economy standard for the model year, with an additional green star for each two miles the vehicle exceeds the standard. Gold stars are to be placed on passenger vehicles that obtain a fuel economy of 50 gallons or more and light trucks that obtain a fuel economy 37 gallons or more. Establishes the "Light Truck Challenge" program that awards \$10 million in FY 2003 and 2004 to a manufacturer that increases a fuel economy rating of a current year vehicle model by at least 50 percent. Establishes an engineering award program that recognizes the engineering team of any manufacturer whose work directly results in production models of the first large sport utility vehicle, van, or light truck to achieve a fuel economy rating of 30 miles per gallon; the first mid-sized sport utility vehicle, van, or light truck to achieve a fuel economy rating of 35 miles per gallon; and the first mid-sized sport utility vehicle, van, or light truck to achieve a fuel economy rating of 40 miles per gallon. Establishes an Oil Independence Award to recognize the first manufacturer of light trucks and passenger automobiles to achieve a combined fuel economy rating of 37 miles per gallon.			
S. 1930	<b>Wind Energy Promotion Act of 2002</b>	February 11	Kent Conrad (D/ND)	Referred to the Committee on Finance

Number	Short title	Date	Sponsor	Status
	<b>Key Provisions :</b> Extends until <b>2007</b> , the credit for producing electricity from wind. Requires the Secretary of Agriculture to establish a program to provide grants and low-interest loans to assist farmers and ranchers in constructing wind energy facilities. Permits an owner or operator of land that is enrolled in the conservation reserve program to install wind turbines on the land. Directs the Secretary of Energy to conduct a research, development, demonstration, and technology program to enhance the use of wind energy. In partnership with industry, the program will create advanced wind turbine designs and manufacturing technologies that are cost-competitive with fossil-fuel generated electricity, with a focus on developing advanced low wind speed technologies, that, by 2007, will enable the expanded use of widespread class three and four winds. Requires that annual regulatory reviews be conducted to identify regulations and standards that act as barriers to market entry for emerging wind energy technologies and market development and expansion for wind energy technologies. Requires the Secretaries of Energy, Army, and Interior to conduct a study on the cost and feasibility of developing a demonstration project that would use wind energy generated by Indian tribes and hydropower generated by the Army Corps of Engineers at the Garrison Dam on the Missouri River to supply firming power to the Western Area Power Administration. Requires the Secretaries of Interior, Agriculture, and Energy to develop guidelines for a pilot program for the development of wind energy on Federal land. Requires the Secretary of Agriculture to conduct an assessment of wind energy resources and transmission capacity for wind energy.			
<b>S. 1960</b>	<b><i>Biobased Energy Incentive Act of 2002</i></b>	February 15	Tom Harkin (D/IA)	Referred to the Committee on Agriculture, Nutrition, and Forestry
	<b>Key Provisions:</b> Amends the <i>Biomass Research and Development Act of 2000</i> to encourage production of biobased energy products, and for other purposes. Requires the Secretary of Agriculture to establish a biobased energy incentive program wherein the Secretary shall make payments to eligible producers to promote the use of eligible commodities to produce biobased energy products. Requires the Secretary of Agriculture to establish a program to encourage wider availability of biobased energy products to consumers of gasoline and diesel fuels.			

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## IV. ADMINISTRATION INITIATIVES

*President's State-of-the-Union Address* On January 29, President Bush delivered his first State-of-the-Union address before Congress. His remarks included the following statement:

“Good jobs also depend on reliable and affordable energy. This Congress must act to encourage conservation, promote technology, build infrastructure, and it must act to increase energy production at home so America is less dependent on foreign oil.

Good jobs depend on expanded trade. Selling into new markets creates new jobs, so I ask Congress to finally approve trade promotion authority. On these two key issues, trade and energy, the House of Representatives has acted to create jobs, and I urge the Senate to pass this legislation.”

*President's Global Climate Change Initiative* On February 14, President Bush announced his legislative proposal for Global Climate Change. In his remarks, the President said the initiative will “harness the power of markets and technological innovation” to implement the immediate goal of reducing “America's greenhouse gas emissions relative to the size of [the] economy.” Specific provisions include:

- Reducing greenhouse gas intensity by 18 percent over the next ten years.
- Creating a new tool to measure and credit emissions reductions by improving the Greenhouse Gas Registry to enhance measurement accuracy, reliability and verifiability. Improvements will offer businesses incentives to invest in new, cleaner technology and voluntarily reduce greenhouse gas emissions.
- Protecting and providing transferable credit for emissions reductions. Provisions will ensure that businesses that register voluntary reductions are not penalized under a future climate policy, and will give credit to companies that can show emissions reductions.
- Reviewing progress on climate change if necessary by 2012, offer an enlarged market-based program, as well as additional initiatives to accelerate technology.
- **Providing funding for climate change-related programs, which includes a five-year, \$4.6 billion commitment to tax credits for renewable energy sources.**

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# V. HEARINGS SCHEDULE

## HOUSE – COMMITTEE ON APPROPRIATIONS

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
<b>February 27</b> – Subcommittee on Military Construction <b>(NEW)</b>	David Hobson (R/OH)	<b>Hearing -</b> Budget Overview; the Army	TBA	9:30 a.m. and 1:30 p.m. Room B-300 Rayburn Office Building
<b>February 27</b> – Subcommittee on Interior and Related Agencies <b>(NEW)</b>	Joe Skeen (R/NM)	<b>Hearing -</b> Department of Interior	TBA	10:00 a.m. Room B-308 Rayburn Office Building
<b>February 28</b> – Subcommittee on Interior and Related Agencies <b>(NEW)</b>	Joe Skeen (R/NM)	<b>Hearing - Department of Energy’s Energy Conservation Program</b>	TBA	11:00 a.m. Room B-308 Rayburn Office Building
<b>March 5</b> – Subcommittee on Veterans’ Affairs, Housing and Urban Development and Independent Agencies <b>(NEW)</b>	James Walsh (R/NY)	<b>Hearing –</b> Department of Veterans’ Affairs	TBA	9:30 a.m. and 1:30 p.m. Room H-143 The Capitol
<b>March 6</b> –Military Construction Agencies <b>(NEW)</b>	David Hobson (R/OH)	<b>Hearing -</b> Navy and Air Force	TBA	9:30 a.m. and 1:30 p.m. Room B-300 Rayburn Office Building
<b>March 6 -</b> Subcommittee on Veterans’ Affairs, Housing and Urban Development and Independent Agencies <b>(NEW)</b>	James Walsh (R/NY)	<b>Hearing –</b> Federal Emergency Management Agency	TBA	9:30 a.m. Room H-143 The Capitol
<b>March 7</b> –Military Construction Agencies <b>(NEW)</b>	David Hobson (R/OH)	<b>Hearing -</b> Pacific Command	TBA	9:30 a.m. Room B-300 Rayburn Office Building
<b>March 12 -</b> Subcommittee on Veterans’ Affairs, Housing and Urban Development and Independent Agencies <b>(NEW)</b>	James Walsh (R/NY)	<b>Hearing –</b> Environmental Protection Agency	TBA	9:30 a.m. Room H-143 The Capitol
<b>March 13</b> – Military Construction Agencies <b>(NEW)</b>	David Hobson (R/OH)	<b>Hearing - Housing Privatization</b>	TBA	9:30 a.m. Room B-300 Rayburn Office Building

<b>Date/Committee</b>	<b>Chair</b>	<b>Hearing Title/Issues</b>	<b>Witnesses</b>	<b>Time/Location</b>
<b>March 19 -</b> Subcommittee on Veterans' Affairs, Housing and Urban Development and Independent Agencies <b>(NEW)</b>	James Walsh (R/NY)	<b>Hearing</b> – Department of Housing and Urban Development	TBA	9:30 a.m. and 1:30 p.m. Room H-143 The Capitol
<b>April 10 –</b> Military Construction Agencies <b>(NEW)</b>	David Hobson (R/OH)	<b>Hearing</b> - National Park Service	TBA	10:00 a.m. Room B-300 Rayburn Office Building
<b>April 17-</b> Subcommittee on Veterans' Affairs, Housing and Urban Development and Independent Agencies <b>(NEW)</b>	James Walsh (R/NY)	<b>Hearing</b> – National Aeronautics and Space Administration	TBA	9:30 a.m. and 1:30 p.m. Room 2359 Rayburn Office building
<b>April 17 –</b> Military Construction Agencies <b>(NEW)</b>	David Hobson (R/OH)	<b>Oversight Hearing - Energy Research – Measuring Success</b>	TBA	10:00 a.m. Room B-300 Rayburn Office Building

## **HOUSE – AUTHORIZATIONS/OVERSIGHT**

<b>Date/Committee</b>	<b>Chair</b>	<b>Hearing Title/Issues</b>	<b>Witnesses</b>	<b>Time/Location</b>
<b>February 21 –</b> Subcommittee on Energy (Committee on Science) <b>(NEW)</b>	Roscoe Bartlett (R/MD)	<b>Hearing – The Renewable Roadmap to Energy Independence</b>	TBA	9:30 a.m. Environmental Technology Center Sonoma State University Rohnert Park, CA
<b>February 22 –</b> Subcommittee on Energy Policy, Natural Resources and Regulatory Affairs(Committee on Government Reform) <b>(NEW)</b>	Doug Ose (R/CA)	<b>Hearing – California's Electricity Market: Where Do We Go From Here?</b>	TBA	9:00 a.m. Field Hearing Sacramento, CA

## **SENATE – COMMITTEE ON APPROPRIATIONS**

*No new hearings of interest have been scheduled.*

## SENATE – AUTHORIZATIONS/OVERSIGHT

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
<b>February 27</b> – Subcommittee on Readiness and Management Support (Committee on Armed Services) <b>(NEW)</b>	Daniel Akaka (D/HI)	<b>Hearing</b> – Examine DOD acquisition policy issues	TBA	10:00 a.m. Room 222 Russell Office Building
<b>February 28</b> - Subcommittee on Readiness and Management Support (Committee on Armed Services) <b>(NEW)</b>	Daniel Akaka (D/HI)	<b>Hearing</b> – Examine DOD authorization request for FY 2003, focusing on installations and environmental programs.	TBA	2:30 p.m.. Room 232A Russell Office Building
<b>February 28</b> - Committee on Armed Services <b>(NEW)</b>	Carl Levin (D/MI)	<b>Hearing</b> – Proposed FY 2003 DOD authorization legislation and the “Future Years Defense Program”	TBA	9:30 a.m. Room 216 Hart Office Building

## CONFERENCE COMMITTEE NEGOTIATIONS/FLOOR VOTES

*No new conference committee meetings or floor votes of interest have been scheduled.*

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